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AMERITECH FINANCIAL, a California
corporation

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

AMERITECH FINANCIAL, a
California corporation,

Plaintiff,

v.

ROBERT P. FARRINGTON, JR. and
LISA FARRINGTON, husband and
wife; THE COLLEGE INVESTOR
LLC, a California limited liability
company; and DOES 1 through 10,
inclusive,

Defendants.

CASE NO. '16CV2564 WQHAGS

COMPLAINT FOR:

(1) FALSE OR MISLEADING
ADVERTISING [15 U.S.C. § 1125(a)];
(2) FALSE OR MISLEADING
ADVERTISING [CAL. BUS. &
PROF. CODE § 17500 *et seq*]; and
(3) UNFAIR COMPETITION [CAL.
BUS. & PROF. CODE § 17200 *et seq*
AND COMMON LAW]

DEMAND FOR JURY TRIAL

1 For its claims for relief against Defendants, Plaintiff Ameritech Financial
2 (“Plaintiff”) alleges as follows:

3 **PARTIES, JURISDICTION AND VENUE**

4 1. This case arises out of Defendants’ false advertising and unfair
5 competition in violation of the Lanham Act § 43(A)(1)(B), 15 U.S.C. § 1125;
6 therefore, the Court has federal question jurisdiction over this action pursuant to 28
7 U.S.C. § 1331 and 28 U.S.C. § 1338(a).

8 2. Based upon 28 U.S.C. § 1367(a), the Court has supplemental jurisdiction
9 over Plaintiff’s state law claims.

10 3. Plaintiff is a corporation duly created, existing and operating under the
11 laws and ordinances of the State of California with its principal place of business in El
12 Dorado County, California.

13 4. Defendants Robert P. Farrington, Jr. (“Farrington” or “Defendant”) and
14 Lisa Farrington (“L. Farrington”), husband and wife, reside in the State of California,
15 San Diego County.

16 5. Upon information and belief, all acts of Defendants as alleged herein
17 were performed for the benefit of his marital community with his spouse and/or vice
18 versa.

19 6. Upon information and belief, Defendant The College Investor LLC
20 (“TCI”) is a California limited liability company with its principal place of business in
21 San Diego County, California.

22 7. Upon information and belief, Defendant is the owner and manager of
23 TCI.

24 8. Defendant, L. Farrington, and TCI will be hereinafter collectively
25 referred to as “Defendants.”
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9. Upon information and belief, all Defendants are residents of California and are therefore subject to general personal jurisdiction of the courts located in the State of California.

10. One or more of the named Defendants reside in this judicial district and all Defendants are residents of the California; therefore, venue is proper in this judicial district under 28 U.S.C. § 1391(b)(1).

11. Additionally, Defendants' actions, upon which the allegations in this Complaint are based, were performed in this judicial district.

12. Therefore, upon information and belief, jurisdiction and venue are proper in this Court.

13. Upon information and belief, each Defendant was the agent, servant, representative and/or employee of each of the other Defendants, and that in doing the things hereinafter alleged, each Defendant was acting within the course and scope of the Defendant's authority, with the permission, knowledge, consent and ratification of each of the other Defendants.

FACTS

14. All of the allegations contained within the paragraphs above and below are hereby incorporated by reference as if fully set out herein.

15. Plaintiff is a student loan assistant company (“SLAC”) that has helped thousands of student loan borrowers find their way to financial freedom and once again feel empowered by their education.

16. More specifically, Plaintiff strives to provide borrowers with (1) a detailed understanding of their finances, budget, family household, and professional status as it relates to the different loan programs available; (2) a detailed understanding of the programs that exist which the borrower may qualify for, their advantages and disadvantages, as well as how they directly apply to the borrower's specific student loan situation; (3) important student loan industry information,

1 program modifications or changes, and foreseeable government action relating to
2 student loan borrowers; and (4) proper document preparation and filing for specific
3 federal programs, strategically targeted form submission time lines, as well as status
4 updates for the programs applied for through the Department of Education.

5 17. Defendant and/or TCI own and operate the website
6 TheCollegeInvestor.com (the “Site”).

7 18. The Site offers a wide variety of loan and investment products and
8 services provided by Defendants, including programs, courses, E-books, and guides.

9 19. Some of the products and services are offered by Defendants free of
10 charge on the Site, while others are available for purchase.

11 20. In exchange for compensation, Defendants also advertise and promote
12 third-party products and services on the Site.

13 21. Defendants primarily advertise by writing articles and blogging on the
14 Site.

15 22. Generally, Defendants earn revenue from the Site in two different ways:
16 (1) selling Defendants’ own products and services through advertising and promoting
17 them on the Site; and (2) advertising and promoting third-party products and services
18 on the Site.

19 23. Defendants have been expanding the Site since 2009.

20 24. Generally, the more content on a website, the more likely the website is
21 to rank high in the search engine results when users search for relevant key words
22 contained in the content.

23 25. One way Defendants have made the Site rank high in the search engine
24 results is by blogging on the Site, which includes writing articles on the Site about
25 relevant topics such as student loan debt.

26 26. Another way Defendants have made the Site rank high in the search
27 engine results is by allowing third party users/readers to post comments and questions
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1 on the articles written by Defendants, and then responding to those comments or
2 questions.

3 27. After blogging on the Site for several years and writing numerous articles
4 related to student loan debt, the Site ranks highly in the search engine results for key
5 words pertaining to student loan scams.

6 28. Defendants, by and through Farrington, have authored countless articles,
7 comments, and posts on the Site urging borrowers to avoid using SLACs.

8 29. However, while doing so, Defendants make several false and misleading
9 statements on the Site.

10 30. As a result, Plaintiff's prospective customers are being diverted away
11 from doing business with Plaintiff, as well as other SLACs, and steered towards the
12 competing products and services being promoted on the Site, including the "Student
13 Loan Freedom Program," which is for borrowers who "[d]on't want to pay a 'Student
14 Aid Company' over \$400." *See* Site Product page, attached as **Exhibit A** hereto.

15 31. Additionally, Defendants deceptively purport to be an advocate for
16 borrowers, who are on a mission to save them money, but the reality is that
17 Defendants are steering many unknowing borrowers towards either paying for
18 Defendants' products or services, or those of a third party lender that are being offered
19 on the Site.

20 32. In several articles and comments, Defendants urge borrowers to seek to
21 qualify for certain student loan programs without any assistance and repeatedly tell
22 borrowers how simple it is to get qualified; however, Defendants are well aware that
23 many borrowers will try this, end up frustrated but scared to deal with a SLAC (thanks
24 to Defendants) and then go back on the Site for more "guidance" (i.e. ready to
25 purchase a product or service being offered or promoted by Defendants, who are now
26 perceived to be experts by the borrower).

1 33. This design is intended to slowly build-up the reader's confidence in the
2 Defendants, alienate the logical competitor (which is a SLAC), and convince the
3 unknowing borrower to purchase the products or services on the Site.

4 34. On the Site, Defendant claims to be "America's Millennial Money
5 Expert™ and America's Student Loan Debt Expert™" and that the Site "is the #1
6 resource for helping millennials get out of student loan debt and start building real
7 wealth for their future." *See* Site About page, attached as **Exhibit B** hereto.

8 35. However, Defendant currently works full-time as a general manager of a
9 local Target retail store.

10 36. Additionally, Defendant boasts about being a "hustler" on
11 SideHustleNation.com who is making \$10,000 a month from "[b]logging [p]art-
12 [t]ime." *See* Side Hustle Nation post, attached as **Exhibit C** hereto.

13 37. Upon information and belief, Defendant earns more income from the Site
14 than he does working as a general manager at Target.

15 38. The level of deceptiveness of Defendants' false and misleading
16 statements is also amplified by Defendant's inadequate legal disclaimers.

17 39. Defendants published an article entitled "Top Student Loan Scams,"
18 which purports to be last updated on November 15, 2015 (the "Top Loan Scam
19 Article"). *See* Top Loan Scam Article, attached as **Exhibit D** hereto.

20 40. While discussing the different types of purported student loan scams,
21 Defendants mix in their own reviews of certain third-party products and services for
22 which Defendants receive advertising revenue and/or referral fees.

23 41. The reviews or plugs to these products and services are relevant to the
24 topics being discussed in the article and are blended in to be a part of the article so that
25 many readers are unaware that they are actually reading an advertisement.
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1 42. Defendants place what are sometimes referred to as affiliate links in the
2 reviews or plugs; the reader can click on these affiliate links and be brought to the
3 third-party website where the purchase can be made.

4 43. In the Top Loan Scam Article, Defendants discuss the purported “Loan
5 Consolidation Scam” and then mention that “[g]oing through any lender that Credible
6 selects for you is NOT a scam.” *See* Top Loan Scam Article, Exhibit D hereto.

7 44. The word “Credible” contains a hyperlink to this company that pays
8 Defendants advertising revenue and/or a referral fee when borrowers use this link
9 and/or sign up after clicking on the link.

10 45. However, Defendants fail to have a conspicuous disclaimer regarding
11 their business relationship with “Credible” near the hyperlinks.

12 46. In fact, a borrower would have to scroll down through 171 pages, and
13 look for another hyperlink titled “How We Make Money,” which is in small print at
14 the bottom right side of the page. And then, even after reading the purported
15 disclaimer, it is still unclear how and the extent to which Defendants are being
16 compensated.

17 47. On the purported disclaimer page, Defendants downplay how much
18 revenue is being generated by the Site, and Defendants’ significant financial incentive,
19 to steer readers towards purchasing the products and services being promoted on the
20 Site. Defendants do this by stating that “[t]his compensation enables us to maintain
21 our growing site, and provide current content, many [sic] of which we don’t receive
22 compensation for.” *See* Disclaimer page, attached as Exhibit E hereto.

23 48. Additionally, in the Top Loan Scam Article, Defendants discuss the
24 purported “Student Loan Debt Elimination Scam” and urge borrowers who are
25 worried about getting scammed to “[s]imply head over to Credit Karma and get a free
26 credit report and monitor your credit.” *See* Top Loan Scam Article, Exhibit D hereto.

1 49. Defendants again fail to have a conspicuous disclaimer pertaining to their
2 business relationship with “Credit Karma” near the hyperlinks.

3 50. Defendants’ actions are in violation of Section 5 of the Federal Trade
4 Commission Act (“FTC Act”), which prohibits “unfair and deceptive acts or
5 practices,” false advertising, and the failure to disclose a material connection for
6 product reviews.

7 51. The Guidelines implemented by the FTC through the FTC Act state that,
8 for an affiliate disclosure to be “clear and conspicuous,” the reader should be able to
9 “see both the review containing that disclosure and the link at the same time.” *See*
10 [https://www.ftc.gov/tips-advice/business-center/guidance/ftcs-endorsement-guides-](https://www.ftc.gov/tips-advice/business-center/guidance/ftcs-endorsement-guides-what-people-are-asking)
11 [what-people-are-asking](https://www.ftc.gov/tips-advice/business-center/guidance/ftcs-endorsement-guides-what-people-are-asking) (last visited 05/13/2016). The FTC warns that “if the product
12 review containing the disclosure and the link are separated, readers may lose the
13 connection.” *Id.* at 18-19. And that “[p]utting disclosures in obscure places—for
14 example, buried on an ABOUT US or GENERAL INFO page— . . . isn’t good
15 enough.” *Id.* Additionally, “[a] single disclosure on your home page” is inadequate
16 “because people visiting your site might read individual reviews or watch individual
17 videos without seeing the disclosure on your home page.” *Id.* at 11.

18 52. Defendants’ disclosures are not reasonably proximate to any review or
19 affiliate link and are essentially buried in a “general info” page (the “Deceptive
20 Conduct”).

21 53. Defendants make a number of literally false, as well as misleading,
22 statements in the article,¹ “Is Your Student Loan Repayment Company A Scam?” (the
23 “Article”), including, but not limited to the following (collectively the “False
24 Statements”):

25 A. “Scam companies are student loan assistance companies
26 who charge you for a service and then never do it or don’t do it 100%.”

27 _____
28 ¹ This article has been attached as **Exhibit F** hereto.

1 For example, the firm might advertise student loan forgiveness or lower
2 student loan payments. They charge you \$599 to do it. You pay it, and
3 the firm does nothing. This is a scam.”

4 i. The above statements are false/misleading because:
5 There are many instances when a SLAC cannot “do it 100%”
6 because the customer failed to provide the necessary
7 documentation or information needed to complete the process. A
8 SLAC is not a scam simply because the customer fails to provide
9 the basic documentation or information needed to start the process.

10 B. “However, many totally legitimate student loan assistance
11 companies simply charge you for services that you go do yourself for
12 free. For example, they might advertise student loan consolidation, and
13 charge you \$399 to consolidate your student loans. But student loan
14 consolidation is a free service offered by the Department of Education
15 and you can sign up and do it yourself for free at StudentLoan.gov. This
16 is paying for something unnecessary.”

17 i. The above statements are false/misleading because:
18 For some people it is necessary to employ a SLAC to intervene
19 because the consumer cannot navigate the process on their own
20 and does not have the ability to do so. Many lenders make the
21 process notoriously difficult. “In fact, a recent General
22 Accounting Office (GAO) report found nearly 70 percent of those
23 borrowers who default on their student loans could have qualified
24 for an income-driven repayment plan that limits monthly loan
25 payments to 10 percent of earnings. But, these borrowers weren’t
26 aware of the options or made aware of them by their loan service
27 providers when they first saw signs of trouble.” See
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1 <http://www.studentloanhelp.org/articles/not-doing-enough-loan->
2 [service-providers-under-investigation/](http://www.studentloanhelp.org/articles/not-doing-enough-loan-). Also, the Consumer
3 Financial Protection Bureau (“CFPB”) launched a public inquiry
4 into student loan servicing practices specifically because the
5 practices can make paying back loans a stressful or harmful
6 process for borrowers. And contrary to Defendants’ statements and
7 implications, there is no one-size-fits-all solution. If it was so easy
8 not nearly as many students would be in default. For many
9 consumers, it is necessary to employ a SLAC.

10 C. “The problem is, these scams usually involve the company
11 taking your money, your student loans left in forbearance, and the
12 borrower finds out in 6 months when the forbearance expires that nothing
13 was done.”

14 i. The above statements are false/misleading because:
15 When the customer is in forbearance, the SLAC is usually waiting
16 on the customer to provide additional documents to further the
17 process. Clients may be in forbearance until they perform, which
18 may be for 1 day or 1 year. Also, SLACs are required to use a
19 dedicated service provider to function as an escrow account for
20 each and every customer. The customer deposits their money into
21 the account according to their payment schedule determined at the
22 time of enrollment, the funds accrue in the account while the work
23 is being done, and the SLAC does not get paid nor does the SLAC
24 have a right to the funds until the SLAC demonstrates proof of
25 work being completed and the first payment is made on the new
26 program. Moreover, Plaintiff is only paid 1/5 of its fee for the
27 submission and approval of a forbearance.

1 D. “A true company that is going to help you will not put your
2 student loans into forbearance.”

3 i. The above statements are false/misleading because:
4 Forbearance is usually part of the process. Loans are usually
5 placed into forbearance during the consolidation or other program
6 qualification process. Also, in most cases, the customer requests
7 that the loans be placed in forbearance so they can experience
8 payment relief immediately. And more importantly, a forbearance
9 can be used to retroactively cure recent delinquencies. This
10 statement is literally false. And Defendants demonstrate the same
11 by later stating in another comment that “[i]t’s right in that they are
12 putting your loans into deferment/forbearance while they process
13 your paperwork” See Article, Exhibit E hereto, page 1.

14 E. “The other big problem that borrowers face is not
15 necessarily scammers, but companies who simply charge for services that
16 borrowers should pay for. These companies equate it to paying someone
17 to prepare your taxes, but tax preparation typically doesn’t cost over \$500
18 and at the same time, the tax preparer at least had to take some classes
19 and be certified by the IRS to file for you.”

20 i. The above statements are false/misleading because:
21 Many SLACs, like Plaintiff, receive training and certification.
22 And many companies are licensed and bonded. Plaintiff is in the
23 process of getting licensed and bonded in 22 states, even though no
24 states require it. Additionally, Defendants’ blanket statement that
25 borrowers should never pay for a SLAC is false and misleading as
26 discussed above.

1 F. “For example, student loan consolidation can be done for
2 free at StudentLoans.gov, but these companies will charge \$399 to do it
3 for you. Or lowering your repayment – all it takes a is a15 (sic) minute
4 phone call to your lender and you can get your payments lowered by
5 changing your repayment plan. Why pay \$500-6000 for it?”

6 i. The above statements are false/misleading because:
7 More times than not, it takes much more than a 15 minute phone
8 call. It can be extremely complicated depending on the type of
9 loans, the customer’s future goals, the number of loans, etc. The
10 customer is required to correctly fill out paperwork, send in
11 income verification including but not limited to tax returns,
12 paystubs, or statement of income, and the majority of the time a
13 consolidation is required in order for the loans to be eligible for
14 certain programs. These statements are literally false.

15 G. “If you have this happen to you, it’s a big giveaway that you
16 are likely going to be scammed, or at least asked to pay for something
17 you don’t need. Forbearance – your loans should never be put into
18 forbearance by a company honestly trying to help you. Don’t Make
19 Payments – no company should tell you explicitly not to make payments.
20 Always pay the minimum on your statement. Pay Us, Not Them, We’ll
21 Make Your Payments For You – big red flag, just shady having someone
22 else make payments on your behalf. What are they hiding from you? Did
23 They Contact You? – if they contacted you and you didn’t contact them,
24 this is a big red flag because you don’t truly know who they are.
25 Document Processing Company – if you see this language on their
26 website (scroll to the bottom) run. These are typically companies that will
27 charge you for services you don’t need. Any Company Claiming To Be
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1 Working With The Department Of Education – None of these companies
2 work with the Department of Education, and the Department of
3 Education will never call you. All correspondence with them will be via
4 mail, so don't fall for anyone telling you this.”

5 i. The above statements are false/misleading because: A
6 company is not a scam simply because the company helps people
7 with student loans. Forbearance is usually part of the process.
8 Loans are usually placed into forbearance during the consolidation
9 or other program qualification process. Defendants' statements in
10 this regard are literally false. Most licensed and bonded consumer
11 credit counselling companies will make payments for the customer
12 and it is lawful service that some customers need to help keep them
13 current. Just because a company advertises does not mean the
14 company is a scam or will likely scam the customer.

15 H. On June 15, 2016 at 9:37 am, “No – because, once again,
16 everything they are offering you is:

17 1. Not guaranteed, because they are just paperwork processing
18 companies and they can file any paperwork even if it's not valid

19 2. All they are doing is signing you up for Public Service Loan
20 Forgiveness and changing your repayment plan to IBR or PAYE, both of
21 which you can easily do for free in the same amount of time you're
22 talking to this company[.] Oh, and no, they don't restructure your loan
23 payment yearly... You have to send in a certification yearly based on
24 your tax return and the government adjusts your payment to always be 10
25 to 15% of your discretionary income. Don't let this company's help fool
26 you. They may talk all nice and sound like they are really doing you a
27 service, but why would you pay \$500 or more (you didn't say, but that's
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1 an educated guess) for something you can easily do for free. I'd love to
2 know how much they wanted to charge you for this."

3 i. The above statements are false/misleading because:
4 There is no "signing up" for public service loan forgiveness. The
5 customer must have the right types of loans, which is where
6 consolidation comes into play, and then the customer must be
7 either in an IBR, ICR, or PAYE program to accumulate the total
8 number of qualified payments for PSLF to happen. The
9 certification that is sent in yearly is not just based on tax returns;
10 customers can use paystubs or other stated forms of income. The
11 payment is NOT "always 10% to 15% of the borrowers
12 discretionary income;" this statement is blatantly false. To qualify
13 for PSLF, the customer must also be an employee of a qualifying
14 organization. An employee is someone who is hired and paid by
15 the organization. If a customer is a contracted employee, the
16 organization that hired and pays the customer must qualify, not the
17 organization where the customer performs the work. A qualifying
18 organization is a government organization or a tax-exempt
19 organization under Section 501(c)(3) of the Internal Revenue Code
20 (IRC). Service in an AmeriCorps or Peace Corps position is also
21 qualifying employment. The type of services that these
22 organizations provide does not matter for PSLF purposes. A
23 private not-for-profit organization that is not a tax exempt
24 organization under Section 501(c)(3) of the IRC may be a
25 qualifying organization if it provides certain specified public
26 services. These services include emergency management, military
27 service, public safety, or law enforcement services; public health
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1 services; public education or public library services; school library
2 and other school-based services; public interest law services; early
3 childhood education; public service for individuals with disabilities
4 and the elderly. The organization must not be a business organized
5 for profit, a labor union, or a partisan political organization. Also,
6 the customer generally must be employed full-time by the
7 employer, which is defined as being at least an annual average of
8 30 hours per week. If a customer is employed in more than one
9 qualifying part-time job simultaneously, the customer may meet
10 the full-time employment requirement if the customer works a
11 combined average of at least 30 hours per week.

12 ii. The above statements made by Defendants are a
13 prime example of Defendants' "confidence techniques."
14 Defendants go out of their way to downplay just how complicated
15 the process can be so that the borrowers will try it on their own,
16 end up frustrated but scared to deal with a SLAC (thanks to
17 Defendants), and back on the Site for more "guidance" (i.e. ready
18 to purchase a product or service being offered or promoted by
19 Defendants, who are now perceived to be experts by the borrower).
20 Given that Defendants offer -- for a sale -- a special "course" on
21 Public Service Loan Forgiveness Training, Defendants are clearly
22 aware that borrowers cannot simply "sign up" for PSLF. *See* Site
23 Product page, Exhibit A hereto, page 1.

24 I. "Hi J – you are correct to be worried, but at the same time,
25 PSLF is a legit program. If you're under the correct repayment plan, and
26 work for 10 years in public service, you get your loans forgiven tax free."
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1 i. The above statements are false/misleading because:
2 The customer must have the right type of loans, and the customer
3 must make 120 qualified payments – not just 10 years working in
4 public service. As discussed in ¶ H.i. above, the requirements are
5 much more complicated than described, and Defendants are clearly
6 aware of this given the course available for purchase on the Site.

7 J. “Hi Candice. I’ve never heard of them, but follow the
8 guidelines above. You should NEVER pay them for help setting up
9 PAYE. Realize that PAYE is a free government plan, and how they
10 calculate your income is based on your tax returns. This company will
11 likely ask you to file your taxes married-filing-seperately (sic). This will
12 allow your loan payment to be based on just your income, not your
13 household income. HOWEVER (there’s always a however), you will
14 pay more taxes this way. You need to really do that math and see if the
15 lower payment is more than the higher taxes. In some cases it is, in others
16 it isn’t.”

17 i. The above statements are false/misleading because:
18 PAYE can also be calculated based on paystubs, or a statement of
19 income. Also, a customer will not always pay more in taxes when
20 married but filing separately. Notably, Defendant is not licensed to
21 be giving tax advice or any other financial advice.

22 K. “This place sounds like it was going (sic) you a whole lot of
23 wrong. First, you’re paying them \$695 directly for them to just change
24 your repayment plan to IBR. You can do that for free by calling your
25 own lender or going online to studentloans.gov. But, you’re still in
26 school, so you should be in deferment and not paying at all. Second, if
27 you are going to work full time for a non-profit, you get Public Service
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1 Loan Forgiveness (PSLF). This is another FREE program you can sign
2 up for with your lender or online at studentloans.gov. Either way, you
3 shouldn't pay this company for help. You can do it all yourself for free –
4 when you're done with school take a couple hours and figure it out.”

5 i. The above statements are false/misleading because:
6 Customers do not just “get” Public Service Loan Forgiveness.
7 Customers must make 120 qualified payments working for certain
8 type of employer, have the right type of loans, and be in the right
9 type of repayment program. It is not nearly as easy as Defendants
10 claim, and many people may not be able to simply “take a couple
11 hours and figure it out.” Again, given that Defendants offer -- for
12 a sale -- a special “course” on Public Service Loan Forgiveness
13 Training, Defendants are clearly aware that borrowers cannot
14 simply “sign up” for PSLF.

15 ii. The above statements made by Defendants are another
16 prime example of Defendants’ “confidence techniques.”
17 Defendants go out of their way to downplay just how complicated
18 the process can be so that the borrowers will try it on their own,
19 end up frustrated but scared to deal with a SLAC (thanks to
20 Defendants), and back on the Site for more “guidance” (i.e. ready
21 to purchase a product or service being offered or promoted by
22 Defendants, who are now perceived to be experts by the borrower).

23 L. On July 26, 2016 at 7:12 am -- “I can't agree that \$800 is a
24 worthwhile investment to literally fill out your name, address, telephone,
25 SSN, and then checking a box for ‘IBR’. The form is simple and can
26 also be done online on StudentLoans.gov. Job applications require more
27 information than this form. For \$800, a better investment would have
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1 been to put that towards your loans. Given the average student loan debt
2 is about \$37,000, that \$800 is 2% of the loan you could have paid off
3 instantly. However, if you finances (sic) that \$800 on a credit card, it's
4 going to cost you even more and wasn't probably a wise investment."

5 i. The above statements are false/misleading because:
6 Filling out just name, address, telephone, and SSN is not nearly
7 close to the amount of information that is required; there are many
8 other pieces of information that are required, as well as income
9 documentation.

10 M. On August 16, 2016 at 10:08 pm – "Your Federal loans are
11 all handled by a loan servicer, which could be Navient (realize that Sallie
12 Mae and Navient are two different companies – Sallie Mae does private
13 loans and Navient does Federal loans). All Federal loans are owned by
14 the US Government and the rules are simple. If you have Federal loans,
15 simply call Navient and work with them for free. Super simple. You can
16 also go online to StudentLoans.gov and do it yourself without talking to
17 anyone. If you have private loans, these are like a car loan or mortgage.
18 Your payment is set and there is no negotiating it. If you want to change
19 it, you simply get a new loan. This is called student loan refinancing. We
20 recommend Credible for this – they are a simple comparison tool that
21 finds you the best rate. Finally, you can't compare your payments to
22 your friends. Everyone's payments under IBR (income based repayment)
23 will be different and based on their income – it will be 10-15% of your
24 monthly paycheck. You can easily do that yourself by calling Navient or
25 going online to StudentLoans.gov. Don't pay this company for this, if
26 you can fill out a job application, you can easily fill out the form
27 required. Finally, student loan consolidation is an option for your Federal
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1 loans, but it won't change anything. It just combines them to make it easy
2 to manage."

3 i. The above statements are false/misleading because: A
4 customer's payment under an IBR program is not just based on
5 income; it is also based on dependents and types of loans they
6 have. Again, if this process was as simple as claimed, 70 percent
7 of qualifying borrowers would not have defaulted on their student
8 loans.

9 N. On August 18, 2016 at 1:43 pm – "Does it sound right? I
10 mean, there are two answers here:

11 1. It's right in that they are putting your loans into
12 deferment/forbearance while they process your paperwork, then they are
13 switching you to IBR repayment plan. You pay \$119 per month (at your
14 current income level – always subject to change in the future and you
15 have to recertify each year), and you get taxable forgiveness at the end.

16 2. You're paying \$1632 to do this – \$800 up front + \$696 (this is
17 \$235 minus \$119) + \$136 (\$255 minus \$119). That's insane and in my
18 book "isn't right" because you shouldn't pay to have these things done.
19 Look, if you want to sign up for IBR, call your lender or go online to
20 StudentLoans.gov. It will take you about 20 minutes and you'll be set –
21 for FREE."

22 i. The above statements are false/misleading because:
23 The statements directly contradict Defendants' other statement that
24 "your loans should never be put into forbearance" This
25 demonstrates that Defendants knowingly published false
26 statements because Defendants are admitting that, as part of the
27 process, loans are usually placed into forbearance during the
28

1 consolidation or other program qualification process. Defendants
2 also state that the borrower WILL get taxable forgiveness at the
3 end. However, this may not always be the case; the statement is
4 literally false. And again, Defendants incorrectly state that
5 borrowers will be all “set” after a 20-minute call to their lender,
6 which is literally false.

7 O. “On the IBR plan, after 20 years, you get student loan
8 forgiveness. It’s the law. You have to make all 240 payments under IBR
9 and you’re free. Remember, it’s not a “lender”, it’s the government.
10 However, remember that you’ll owe taxes on any amount forgiven.
11 Here’s an article that breaks it down: Secret Student Loan Forgiveness.
12 And still, why would you pay that \$800 when it can be done for free in
13 about 15-20 minutes by calling your lender or going online to
14 StudentLoans.gov?”

15 i. The above statements are false/misleading because:
16 There are many factors that play into this, and it is not nearly as
17 simple as it just being the law. It is not 20 years payments; it’s 240
18 QUALIFIED payments, with the right types of loans, status of
19 loans, and when the loans were taken out, etc.

20 P. On August 31, 2016 at 11:40 pm -- “This is exactly why you
21 should never use these companies. There is literally nothing they can do
22 for you – they just rephrase things a little differently and sell you on
23 something you don’t even need. If you’re on IBR already, and have
24 already consolidated, there is nothing left to do. On IBR, you
25 automatically get forgiveness of any remaining loan balance after 20/25
26 years. So do NOT pay these people anything.”

1 i. The above statements are false/misleading because:
2 Just because someone has consolidated, or is in IBR, it does not
3 always mean that there is nothing left to do. Borrowers need to be
4 recertified each year, meet the qualification each year, and apply
5 for forgiveness once they have met all the qualifications;
6 borrowers do not automatically get forgiveness. Additionally, the
7 entire balance may not be forgiven depending on the type of loans.
8 Someone may have 20 different loans, have consolidated 15 of
9 them, and still have other loans that do not qualify.

10 Q. On September 4, 2016 at 9:51 pm – “They are a docu-prep
11 company which you shouldn’t do business with. It sounds like they
12 weren’t clear with you – they are simply changing your repayment plan
13 to IBR and helping you with Public Service Loan Forgiveness. Both of
14 these are free programs that you can easily sign up for yourself on
15 StudentLoans.gov or with a phone call to your lender. For this privilege
16 of filling out your name and SSN on 2 forms, you’re paying them \$968 –
17 that’s the difference between the \$272 and \$30 per month they thing (sic)
18 you qualify for. Outrageous. If you search our forum, you’ll find other
19 stories very similar to you with all different prices being charges (sic) –
20 all too much. So, best course of action is to call your lender, tell them
21 you want to see if you qualify for Income Based Repayment. If so, get
22 on it. Then, sign up for Public Service Loan Forgiveness (PSLF). If you
23 want more info on the requirements of PSLF, check out our video tutorial
24 on PSLF. “For example, student loan consolidation can be done for free
25 at StudentLoans.gov, but these companies will charge \$399 to do it for
26 you. Or lowering your repayment – all it takes a is a15 (sic) minute
27
28

1 phone call to your lender and you can get your payments lowered by
2 changing your repayment plan. Why pay \$500-6000 for it?”

3 i. The above statements are false/misleading because:
4 Filling out just the name, address, telephone, and SSN is not nearly
5 close to the amount of information that is required; there are many
6 other pieces of information that are required, as well as income
7 documentation. Again, if this process was as simple as claimed, 70
8 percent of qualifying borrowers would not have defaulted on their
9 student loans.

10 R. On September 14, 2016 at 5:25 pm – “Hi Paul, thanks for
11 your great questions. #1 – While the Dept of Education doesn’t mandate
12 this, doesn’t mean that working with your lender isn’t the best course of
13 action. Why trust your federal loan servicer? Because they are legally
14 obligated to service your loan, and are contracted by the U.S.
15 Government. Working with a random 3rd party docu-prep company is
16 much less trustworthy than a Federal loan servicer.”

17 i. The above statements are false/misleading because:
18 Defendants falsely make the blanket statement that customers
19 should trust their federal loan servicers over any SLAC, even
20 though the CFPB launched a public inquiry into student loan
21 servicing practices specifically because loan servicers are known
22 for making the process incredibly difficult. Among the industry
23 practices that concern the CFPB are the following: Failure to
24 advise borrowers of options that could lessen the likelihood of
25 default; Improperly allocating payments to maximize late fees;
26 Charging late fees during the grace period after the due date;
27 Inconsistent information and help offered to borrowers;

1 Misrepresentation of minimum payments; Providing inaccurate tax
2 information; Misleading consumers about bankruptcy protections;
3 and Illegal debt collection calls. *See*
4 <http://www.studentloanhelp.org/articles/not-doing-enough-loan->
5 [service-providers-under-investigation/](http://www.studentloanhelp.org/articles/not-doing-enough-loan-). Defendant, who claims to
6 be an “expert,” should know better than to make such false and
7 incorrect statements.

8 54. Many borrowers have ended up in default after following Defendants’
9 advice and/or purchasing the products and services promoted by Defendants.

10 55. Plaintiff has had several borrowers attempt to utilize its service after
11 following Defendants’ advice and/or purchasing the products and services promoted
12 by Defendants.

13 56. Unfortunately, however, because these borrowers were already in default,
14 Plaintiff was unable to offer any assistance.

15 57. According to many borrowers, Plaintiff would have acquired these
16 borrowers as customers but for Defendants’ False Statements and/or Deceptive
17 Conduct.

18 58. The False Statements and Deceptive Conduct (collectively the “Wrongful
19 Conduct”) have caused Plaintiff to lose a substantial amount of revenue and goodwill,
20 and Plaintiff will continue to lose untold amounts of revenue and goodwill unless
21 Defendants are restrained and enjoined from engaging in such Wrongful Conduct.

22 59. Defendants were given more than one opportunity to remove the False
23 Statements without consequence, and Defendants failed and refused to do so. Instead,
24 Defendants continue to willfully and maliciously divert customers away from Plaintiff
25 for Defendants’ own monetary gain.

**FIRST CLAIM FOR RELIEF
FALSE ADVERTISING AND UNFAIR COMPETITION
UNDER THE LANHAM ACT § 43(A)(1)(B), 15 U.S.C. § 1125**

60. All of the allegations contained within the paragraphs above and below are hereby incorporated by reference as if fully set out herein.

61. For the reasons set forth above, the False Statements are literally false, as well as misleading and deceptive.

62. In connection with advertisements promoting competing products and services, Defendants made the False Statements about Plaintiff and its services.

63. In addition, Defendants' agents, including but not limited to Does 1-10, made these False Statements in the course of advertising competing products and services and denigrating Plaintiff's services.

64. The False Statements have the tendency to deceive a substantial segment of its audience because, as explained above, the False Statements were literally false in several ways.

65. Additionally, several of Plaintiff's prospective customers have actually been diverted away from doing business with Plaintiff.

66. The False Statements are likely to influence, and have influenced, the purchasing decision of readers because borrowers are being made to believe that Plaintiff's business is a scam and/or its services are unnecessary.

67. By publishing the False Statements on the Internet, Defendants caused the False Statements to enter interstate commerce.

68. As a direct and proximate cause of Defendants publishing the False Statements, many of which contain literally false factual statements, it is presumed as a matter of law that Plaintiff has been and/or is likely to be injured, either by direct diversion of sales or by a lessening of goodwill.

1 78. In connection with advertisements promoting competing products and
2 services, Defendants made False Statements about Plaintiff and its services.

3 79. In addition, Defendants' agents, including but not limited to Does 1-10,
4 made these False Statements in the course of advertising competing products and
5 services and denigrating Plaintiff's services.

6 80. The False Statements have the tendency to deceive a substantial segment
7 of its audience because, as explained above, the False Statements were literally false
8 in several ways.

9 81. Additionally, several of Plaintiff's prospective customers have actually
10 been diverted away from doing business with Plaintiff.

11 82. According to many borrowers, Plaintiff would have acquired these
12 borrowers as customers but for Defendants' False Statements.

13 83. The False Statements are likely to influence, and have influenced, the
14 purchasing decision of readers because borrowers are being made to believe that
15 Plaintiff's business is a scam and/or its services are unnecessary.

16 84. By publishing the False Statements on the Internet, Defendants caused
17 the False Statements to enter interstate commerce.

18 85. As a direct and proximate cause of Defendants publishing the False
19 Statements, many of which contain literally false factual statements, Plaintiff has been
20 and is likely to be injured, either by direct diversion of sales or by a lessening of
21 goodwill.

22 86. Plaintiff is unable assign any dollar value to the loss of goodwill
23 associated with Plaintiff's services.

24 87. Past and prospective customers were or are likely to be deceived by these
25 False Statements, as they will likely consider the statements made about Plaintiff to be
26 negative and the statements about competing products and services to be positive, and
27

1 the statements made are likely to influence the consumer's decision as to whether to
2 use Plaintiff's services or the those promoted by Defendants.

3 88. Plaintiff is each entitled to restitution pursuant to Cal. Bus. & Prof. Code
4 § 17500 et seq. Plaintiff is not seeking damages at law pursuant to this statutory
5 claim.

6 89. Unless enjoined, Defendants' and its agents (including but not limited to
7 Does 1-10) actions will continue to cause irreparable injury to Plaintiff. Accordingly,
8 Plaintiff is entitled to preliminary and permanent injunctive relief pursuant to Cal.
9 Bus. & Prof. Code § 17535.

10 **THIRD CLAIM FOR RELIEF**
11 **UNFAIR, UNLAWFUL, OR FRAUDULENT BUSINESS ACTS**
12 **Cal. Bus. & Prof. Code §17200 et seq. And Common Law**

13 90. All of the allegations contained within the paragraphs above and below
14 are hereby incorporated by reference as if fully set out herein.

15 91. Defendants' Deceptive Conduct is a business practice that is unlawful,
16 unfair, and/or fraudulent.

17 92. While discussing the different types of purported student loan scams,
18 Defendants mix in their own reviews of certain third-party products and services for
19 which Defendants receive advertising revenue and/or referral fees.

20 93. The reviews or plugs to these products and services are relevant to the
21 topics being discussed in the article and are blended in to be a part of the article so that
22 many readers are unaware that they are actually reading an advertisement.

23 94. Defendants place affiliate links in the reviews or plugs; the reader can
24 click on these affiliate links and be brought to the third-party website where the
25 purchase can be made.

26 95. However, Defendants fail to have a conspicuous disclaimer near the
27 hyperlinks.

96. The Deceptive Conduct is such that members of the public are likely to be deceived.

97. Defendants' publication of the False Statements is also a business practice that is unlawful, unfair, and/or fraudulent.

98. In several articles and comments, Defendants urge borrowers to seek to qualify for certain student loan programs without any assistance and repeatedly tell borrowers how simple it is to get qualified; however, Defendants are well aware that many borrowers will try this, end up frustrated but scared to deal with a SLAC (thanks to Defendants) and then go back on the Site for more “guidance” (i.e. ready to purchase a product or service being offered or promoted by Defendants, who are now perceived to be experts by the borrower).

99. This design is intended to slowly build-up the reader's confidence in the Defendants, alienate the logical competitor (which is a SLAC), and convince the unknowing borrower to purchase the products or services on the Site.

100. The False Statements, and/or the manner in which they are published, are likely to deceive members of the public.

101. As a direct and proximate cause of Defendants' Deceptive Conduct and/or False Statements, Plaintiff has been and is likely to be injured, either by direct diversion of sales or by a lessening of goodwill.

102. Plaintiff is each entitled to restitution pursuant to California's unfair competition statute, Cal. Bus. & Prof. Code § 17200 et seq. Plaintiff is not seeking damages at law pursuant to this statutory claim.

103. Unless enjoined, Defendants' and its agent's actions will continue to cause irreparable injury to Plaintiff. Accordingly, Plaintiff is entitled to preliminary and permanent injunctive relief pursuant to Cal. Bus. & Prof. Code § 17203.

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PRAYER

WHEREFORE, Plaintiff prays for judgment against Defendants and L. Farrington as follows:

- A. Upon the filing of a Motion for Injunctive Relief, for a preliminary and permanent injunction compelling Defendants to remove the False Statements from the Internet;
- B. Upon the filing of a Motion for Injunctive Relief, for a preliminary and permanent injunction compelling Defendants to cure the Deceptive Conduct by providing the appropriate disclaimers in close proximity of all affiliate links on the Site;
- C. Upon the filing of a Motion for Injunctive Relief, for a preliminary and permanent injunction compelling Defendants to remove all affiliate links until Defendants provide the appropriate disclaimers in close proximity of all affiliate links on the Site;
- D. Upon the filing of a Motion for Injunctive Relief, for a preliminary and permanent injunction enjoining Defendants from publishing any additional False Statements on the Internet;
- E. For an order requiring Defendants to account to Plaintiff and disgorge all profits that were and are derived from Defendants' False Statements;
- F. For an order requiring Defendants to return to Plaintiff the ill-gotten gains obtained by Defendant as a result of the False Statements and/or Deceptive Conduct;
- G. For general damages awarded against Defendants and L. Farrington in an amount to be proven at trial;
- H. For special damages awarded against Defendants and L. Farrington in an amount to be proven at trial;

- 1 I. For Plaintiff's costs awarded against Defendants and L. Farrington;
2 J. For Plaintiff's reasonable attorneys' fees awarded against Defendants
3 and L. Farrington;
4 K. For interest on the foregoing attorneys' fees and court costs at the
5 statutory rate from the date of judgment until paid;
6 L. For prejudgment and post-judgment interest on all damages at the
7 highest rate allowed by law from the date of injury until paid in full;
8 and
9 M. For such other and further relief as the Court deems just and proper.

10
11 RESPECTFULLY SUBMITTED this 14th day of October, 2016.

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DEMAND FOR JURY TRIAL

Plaintiff, by and through undersigned counsel, hereby demands a trial by jury for all questions of fact that can be decided by a jury in the above-entitled action.

RESPECTFULLY SUBMITTED this 14th day of October, 2016.

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